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6 November 1979

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## INTER-ASIAN AFFAIRS

### BRIEFS

JAPANESE CREDIT TO THAILAND--Tokyo, 5 Oct--The Export-Import Bank of Japan said Friday it had signed a contract to advance buyer's credits totaling dollar 155 million to Thailand's state-run oil corporation, PTT. The bank said the credits would be appropriated for the purchase from Japan of equipment required for development of undersea natural gas planned by PTT in the Gulf of Siam. Thailand is promoting energy source development projects to reduce its dependence on foreign oil and other natural energy sources. The Siam gulf natural gas project is expected to help the country reduce an outflow of its foreign currencies, the bank added. [Text] [OW071053 Tokyo KYODO in English 0209 GMT 5 Oct 79 OW]

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GOVERNMENT ATTEMPTS TO CHECK SLUMP IN JUTE PRICES

Madras THE HINDU in English 24 Sep 79 p 5

[Text] New Delhi, Sept. 23--A serious crisis has overtaken jute production in Bangladesh, the mainstay of the national economy, with an alarming and threatened shrinkage in jute acreage and consequent loss of much of the overseas market.

The immediate manifestation of the crisis is a precipitate fall in raw jute prices, which have frustrated the growers, and a spurt in smuggling across the Bangladesh-India border.

It is obvious that unless the Bangladesh Government acts immediately and with firmness to restore the farmers' confidence, there will be a massive shift from jute to paddy cultivation and the fall in production next year will not only lead to a loss of overseas market, but may also affect jute mills within the country.

For some months now, reports of distress sale of raw jute by farmers have been received from all over the country. The Government opened 400 purchase centres and fixed a support price of Taka 115 a maund (37.5 kg). But often the farmers get much less than the floor price. One estimate says the average price received by the grower has ranged between Taka 50 and Taka 70.

This has been attributed by some to a conspiracy between touts, traders and a section of the employees of the Jute Trading Corporation and Jute Marketing Corporation. The unholy alliance has ensured that jute is not lifted from the farmers by official agencies so that the growers are compelled to sell their produce to the traders at prices dictated by the latter.

Since, even at the official exchange level, one Indian rupee is equivalent roughly to two Bangladesh takas, there is immense profit in buying jute in Bangladesh at Taka 50 to 70 a maund (about Rs 26 to Rs 37), and carry it across to India and sell there at anything like Rs 80 and more.



Jute merchants of course, have offered an explanation for the poor plight of the growers. They say the private sector was unable to buy much jute this year because of the huge carry-over of two million-bales from last year estimated at Taka 1750 millions. Most of this amount comes as bank credit which imposes a serious limitation on fresh drawing by the merchants.

Also, according to them, about 2.2 million bales out of this year's production of 5.5 million bales are low quality jute which overseas traders have refused to buy. The glut within the country has been aggravated by the storage problems of government agencies.

However valid the explanation, it does not take away anything from the seriousness of the threat to national economy, since jute exports alone account for 70 percent of Bangladesh's exchange earnings. The dimensions of the threat are revealed in a study which the Bangladesh Institute of Development Studies, undertook some time ago.

The study points out that the ratio between jute and rice prices has traditionally determined the production and availability of jute in Bangladesh. Any sharp deterioration in raw jute prices has always led to a significant switchover to paddy cultivation.

The threatened shift in acreage, the study points out, can affect about one million acres, or nearly half of the total of 2.1 to 2.2 million acres under jute cultivation. It explains that 6 lakh acres constitute what may be called 'hard core' jute area of lowlying lands subject to deep flooding where paddy cannot be normally grown. Another four lakh acres are planted with jute in the course of crop rotation. The rest of 1.1 to 1.2 million acres of land is cultivated for jute strictly for economic reasons and is sensitive to the fortunes of paddy.

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## REPORTAGE ON EFFECTS OF DROUGHT: FAMINE, POWER SHORTAGES, CROP DESTRUCTION

## Starvation Stalks Two Districts

Calcutta THE STATESMAN in English 13 Sep 79 pp 1, 9

[Article by Nirmalya Banerjee]

[Text] Purulia, Sept 12--The drought in Bankura and Purulia has exposed the West Bengal Government's dependence on Delhi in conducting the Food-for-Work programme. Suspension of the supply of free wheat from the Centre has brought the programme to a standstill, throwing thousands of landless labourers in these two districts once again on the mercy of hoarders and money-lenders.

The district authorities of Purulia estimate that 1.1 lakh landless labourers and poor farmers of the district have been hit by the drought. In Bankura, 16 out of the 22 blocks have been severely affected. There are more than 2.4 lakh cultivators in the district and nearly 300,000 agricultural labourers, comprising 40% of the total work force.

The rate of interest on loans provided by money-lenders has already gone up from 24% to 50% per annum in some parts of Purulia district. People of Govindapur village in Bagmandi block presented a grim picture, narrating how money-lenders were exploiting the misery of the common people. Most of the money-lenders were businessmen from Sindri and Jamshedpur who demanded valuable security, preferably gold and silver. Loans were given up to 50% of the value of the deposit. In most cases, the debtors could not repay the principal and the interest and the deposit was forfeited. The farmers were depositing even their utensils.

People complained that even recorded bargadars were approaching money-lenders for loans. Some of them had approached a nationalized bank in the area, but banks are generally reluctant as repayment, in many cases, is uncertain. Cooperatives in the area also issue loans--25% in cash and the rest in fertilizer and inputs. But, the area being without irrigation facilities, high-yielding varieties of crops cannot be cultivated. Farmers are not enthusiastic about such loans.

### Inadequate Relief

Relief was inadequate at Chhatna block in the northwestern part of the district. The pradhan of the RSP-dominated, anchayat samity said that the smaller farmers had to fall back on money-lenders. The tribals of Ayodhya hills are moving into the jungle. This area is the most underdeveloped in the backward Purulia district. Cultivators here have no means of a livelihood other than to fell trees and sell wood in the market. Some of them are arrested by forest officials, but illegal felling continues. Villagers of Bagmundi block have planned to gherao the block officials and panchayat members on September 12, demanding relief.

Bagmundi block in south Purulia is one of the worst-hit areas in the district. The pradhan of the panchayat samity said that many agricultural labourers from Bagmundi, Tantan and Shankupi villages have left for Durgapur and Jamshedpur in search of employment. Some of them have found work as daily labourers in brick fields, while others have had to return disappointed. Because of scanty rainfall, only 50% of the paddy transplantation could be completed during the sowing season. Crops sown are drying up as there was no rain after transplantation. As a result, little work is available in the fields this year.

Basudi is a small village in the Bagmundi block with only 40 families. Seven of them have already left for Durgapur and the others were planning to go. Gurucharan Singh (40) of the village said that all but one family--which had some stocks of grain--would ultimately have to leave.

The employment situation in Bankura is equally grim. Along with labourers even small farmers are queuing up for employment under the Food-for-Work programme. The former are assigned to dig earth while the farmers are engaged in supervisory duties.

At Mankanali village in Bankura Sadar, Karanjay, a 12-year-old boy asked for a job at the site from the pradhan of the gram panchayat. He was told to come back later. A landless labourer of Kendumoni village, engaged in digging a pond, said that nearly 150 labourers of his village had left for Burdwan during the third week of Shrabana. He himself could get only five days' employment under the Food-for-Work programme. Another man told the block development officer that six members of his family were living on a daily ration of half a kg of wheat mixed with water.

### Landless Labourers

Landless labourers of these two districts generally find themselves out of work once the sowing season is over though tending crops provides some employment. But this year's situation is unprecedented. Rice prices are high in both the districts and in towns and villages alike. Not only is rice in short supply but landlords and rich farmers are hoarding stocks.

The worst-hit area in Bankura is Mejia block, close to the Damodar river. Only 5% of the paddy has been transplanted because of the drought. Cattle food is scarce and the price has gone up from Rs 60 to Rs 200 a "kahan." Many small farmers are selling off their cattle. The price of a pair of bullocks has slumped from Rs 2,000 to Rs 1,200.

A number of dysentery cases have been reported from Mejia and the adjoining Gangajalghanti block. The block officials were trying to purify water, but health centres are few and ill-equipped. The block development officer at Gangajalghanti said that 25% of the landless labourers of his area had migrated this year to Burdwan, against the normal 12%.

Because of inadequate rain, only 50% paddy transplantation has been possible, on an average. In the two districts, the continuing scarcity of rain threatens the standing crops. The situation is better in the Vishnupur subdivision in Bankura district which served by canal water from Kangsati and DVC. The subdivision accounts for only six of the 22 blocks of the district.

The pradhan of the Mankanali gram panchayat, dominated by the CPI(M), said that shortage of both wheat and funds had stalled the Food-for-Work schemes. Work could be provided for only one day in a week and famished labourers crowded the panchayat office. At present, about 2,000 agricultural labourers in his area are demanding employment under the programme. To employ them for three days a week, over Rs 15,000 is needed, but the panchayat has received only Rs 14,000 so far this year. About 13,000 kg of wheat is needed to carry on the Food-for-Work programme in the two districts. But only 1,000 kgs have been made available.

The district authorities and many members of the Leftist-dominated panchayats feel that the Cooperative for America Relief Everywhere (CARE) should resume functioning in the district. In Bankura, the agency had 400 approved schemes for construction of jorbandhas. The schemes could have provided employment of four lakhs of people but the agency has stopped functioning in the districts this year.

#### Irregularity

Not only is relief meagre, but complaints of irregularity in its distribution were also heard in a few areas. In a letter written on September 8 to the district authorities the BDO of Neturia in north Purulia said that the block was inquiring into allegations of irregularity in the execution of FEW schemes. The block could create only 42,000 man-days of labour between April and September. Its total population is nearly 60,000.

The basic malady of the two districts is lack of irrigation facilities. Very little has been done in this respect since independence and changes in Government have made no difference. The district authorities admitted that excessive dependence on relief measures would stifle the farmers' initiative and affect their morale. The administration in Bankura and Purulia

has no major or medium irrigation project at hand, except in the Vishnupur subdivision.

The pradhan of the panchayat samity said that a plan to construct a bundh on Darakeswar near Chhatna has been pending for a long time. Because of indiscriminate digging of sand on the Burdwan side, the Damodar has flowed away from Mejia block, but there is no scheme to divert the water of the river to the cultivable lands of the block. The block development officer of Gangajalghanti said that the block office had tried to pursue a scheme for lift irrigation from the Maliara river but the authorities did not sanction it. A groundwater survey is yet to be completed in Purulia. Only a preliminary survey has been conducted by the ground-water board, the report of which has not been made available to the district authorities.

Starvation appears to be inevitable for the poor people in Bankura and Purulia in the coming months while preparations for the seventh Parliamentary elections are being made. Enumerators have started knocking at doors to prepare the voters' lists. Some of them are asked questions such as "Shall we survive till the elections?" The enumerators have no answer. Nor apparently do the district authorities.

#### Concern Over Power Shortages

Madras THE HINDU in English 15 Sep 79 p 13

[Text] Madras, Sept 14--A conference of Energy Ministers of the southern States, held here on Friday, expressed concern at the low capacity utilisation of the thermal units in the region.

Convened by the Union Minister for Energy, Mr K. C. Pant, the conference recorded its worry that at a time when hydel generation suffered a setback following drought conditions in several parts of the country, the thermal units should work much below the rated capacity.

The average thermal capacity utilisation in the region which was 57.1 per cent in 1976-77 dropped to 47.5 percent in the following year and further to 43.3 percent in 1978-79--much lower than the national average.

Mr Pant, who briefed pressmen at the conclusion of the meeting, said there were many reasons for this unacceptably low performance of the thermal units. He said he had asked the State Electricity Boards to take effective steps to correct and improve the situation.

The meeting went into the complaints of the Power Boards which included inadequate coal supplies. Mr Pant gave the assurance to Mr S. Ramachandran Tamil Nadu Minister, that his Ministry would help the State Government to acquire ships for transport of coal from Haldia to Tuticorin for the power station set up at this place. The Railway which was also represented at the meeting promised to do everything possible to transport the necessary quantities of coal from the coalfield to Haldia.



While Andhra Pradesh and Tamil Nadu were represented by Ministers, Kerala and Karnataka had sent officials to participate. Besides, BHEL, the Neyveli Lignite Corporation and the Instrumentation Ltd. Kota had sent senior officials to take part in the meeting. The NLC representative told the meeting that with the completion in the next two months of the second phase (expansion of the present mine) of the development there would be sufficient lignite for power and other downstream requirements.

BHEL assured the Union Minister that their men were actively involved with the State Electricity Boards in improving the efficiency of working of the thermal plants.

Mr Pant emphasised the need for expediting the commissioning of new generating capacity to mitigate the power shortage. He was sorry that the progress in the region in the area of completing and commissioning projects during the last year had been rather discouraging. Only 50 percent of the targeted additional capacity had been added.

The meeting decided that the States must be helped to procure essential raw material inputs like steel, aluminum, insulator, etc., and to render all help in making available coal supplies without interruption.

Giving an idea of the shortage of power likely to prevail in the next nine months, the Minister said that Tamil Nadu would have a deficit of 16 percent while Karnataka would be 30 percent short. Andhra Pradesh, earlier expected to be surplus, was now reckoned a deficit State for this period. Kerala no doubt was surplus.

The meeting discussed transmission losses. The losses in Andhra Pradesh were much higher than the all-India average, and elsewhere also the losses were not inconsiderable. He wanted the reasons for this to be properly investigated and corrective measures taken. At the national level, he said, a reduction of five percent in transmission losses would mean a saving of more than 5,000 million units of energy annually.

Mr Pant asked the Board to pay more attention to the new transmission projects under execution. Last year, out of a target of 2,377 circuit km of 220 kv lines in the southern region, only 579 circuit km were completed.

#### Kashmir Dry Spell Ends

Madras THE HINDU in English 15 Sep 79 p 13

[Text] Srinagar, Sept 14--Kashmir Valley was hit by the worst dust and hail storms simultaneously on Thursday evening.

There were widespread torrential rains all over the valley after this. Widespread rains were also reported on Thursday in the Jammu region and from some areas of Ladakh. The two-month old dry spell in the State thus came to an end.

Due to the continued dry spell and failure of rains in Kashmir Valley and most of areas in the Jammu region and Ladakh, paddy, maize, barley and cash crops like pulses and oilseeds had been adversely affected.

#### Crop Damage Estimated at Rs 3,500 Crores

Calcutta THE STATESMAN in English 17 Sep 79 p 7

[Text] New Delhi, Sept 16--An estimated Rs 3,500-Crore worth of crops in 14 States have been damaged by an unprecedented drought, reports PTI. Rain is not likely to save most of the kharif crops, although it may brighten the prospects of rabi sowing.

In Haryana alone among the affected States, hopes of salvaging the kharif crops have revived following rain, particularly in the southern belt. In Maharashtra and Gujarat, however, even rabi sowing may be affected if there is no rain in the next few days.

Himachal Pradesh, Rajasthan, Uttar Pradesh and Orissa are the worst hit States. About 100 million people have been affected in these States.

The worst affected State in terms of the value of the crops lost is Andhra Pradesh (Rs 1,000 crores) where six million people in 18 of the 23 districts have been hard hit. The State Government has estimated that 51.3% of the irrigated area is under a dry spell. Groundnut, jowar and bajra are the worst affected crops.

In Uttar Pradesh, kharif crops worth Rs 700 crores have been damaged, affecting nearly 60 million people. The damage in Bihar, which comes next to U.P., is estimated at Rs 580 crores in 27 of the 31 badly affected districts of the State. Rice, maize and jute are the main crops affected.

The loss of crops has been estimated at Rs 242 crores in Orissa, Rs 200 crores each in Punjab and Rajasthan, Rs 189.18 crores in West Bengal, Rs 129-crores in Maharashtra, Rs 125 crores in Haryana, Rs 35 crores in Himachal Pradesh and Rs 6 crores in Nagaland. In some other States, the extent of loss has not yet been estimated.

Maize, millet, paddy, pulses, potato and apple crops have suffered damage estimated between 40% and 60% in Himachal Pradesh, hitting 80% of the total population of 3.7 million according to official sources in Simla.

In Madhya Pradesh, the current drought, said to be the worst since 1965-66, has affected more than 13.5 million people in 24 of the 45 districts of the State. This year the rainfall in these districts is 60% below normal.

The State Governments have taken a number of steps to meet the situation created by the worst ever and longest dry spell during this part of the year.

A number of States, including Punjab, Haryana and Uttar Pradesh, have cut down power supply to industries and urban areas to make available enough power for tubewells in rural areas. They have also decided to supply additional diesel for pump sets.

Some of the State Governments have also drawn up ambitious rabi plantation programmes. Orissa has decided on large-scale cultivation of oil-seeds, pulses and wheat, which grow in residual land moistures, as a new strategy for the coming rabi season.

The food-for-work programme has been stepped up and efforts made to supply enough fertilizers to farmers. Minor irrigation projects have been undertaken in some of the States.

In Tamil Nadu the rain-fed cotton crop is slightly damaged and the groundnut crop is likely to be affected.

The drought has caused acute shortage of drinking water, particularly in Madhya Pradesh, Rajasthan, Himachal Pradesh and Gujarat.

The Panchayat Department in Andhra Pradesh has taken up an intensive programme of drilling wells in rural areas, where the problem of drinking water will be acute. Initially 2,000 wells will be dug, according to official sources.

#### Acute Power Shortage in West Bengal

Calcutta THE STATESMAN in English 18 Sep 79 p 7

[Text] New Delhi, Sept 17--West Bengal is reeling under the impact of a severe power crisis with disastrous effect on the economy, reports PTI. The supply from the Damodar Valley Corporation has slumped from 700 MW to 500 MW against the installed capacity of 1,240 MW.

The present generation capacity in the State, excluding that of the DVC, is 1,442 MW against the requirement of 1,500 MW. But the power plants hardly generate more than 55% of the installed capacity resulting in acute shortage.

The shortfall has necessitated imposition of power cuts to bulk consumers for four hours every evening for the past five months. A spokesman of the Indian Chamber of Commerce said the engineering industry alone suffered a loss of Rs 2.5 crores a day between June and August.

The loss of production in engineering industries varied from 60% to 65% while in other industries it was 20%.

According to a Bengal Chamber of Commerce survey, the power crisis caused production loss of Rs 2.26 crores to 38 units having 420,000 workers during March to May.



Fresh investment proposal worth Rs 150 crores are reported to have been shelved because of the power position in the State.

Gujarat has been facing unprecedented crisis for the past few days following the shutdown of several units. The authorities are forced to impose drastic power cuts on the industrial sector.

The demand of the agriculture sector suddenly increased from 150 MW to 400 MW a day in the wake of prolonged dry spell.

Generation at the integrated Ukai project was 340 MW against the installed capacity of 740 MW last week. The Dhuruvan power station produced 300 MW against its capacity of 535 MW. Supply from Tarapur was 40 MW against 210 MW. Spokesmen of industry and labour say that drastic cuts of 40% to 50% would cause a production loss of Rs 8 crores a day. About 65 textile mills in Ahmedabad were operating only one shift, he added.

The power shortage in Madhya Pradesh caused by the dry spell has been aggravated by the stoppage in supply of the State's share of 35 MW from the Rihand and Matatila projects in Uttar Pradesh. Generation at the Gandhisagar Dam had to be regulated because of its low water level.

The supply position in Andhra Pradesh and Karnataka is equally bad. Generation in Andhra Pradesh dwindled from 1,060 MW to 800 MW. The demand by the agricultural sector has gone up because of drought.

The State has stopped power supply to Karnataka and West Bengal. According to a spokesman of the Federation of Andhra Pradesh Chambers of Commerce and Industries, the production loss is estimated at 20%.

#### Crop Damage in Orissa

Calcutta THE STATESMAN in English 21 Sep 79 p 4

[Text] Bhubaneswar, Sept 20--The drought in Orissa has destroyed kharif crops including 1.4 million tons of rice, 538,000 tons of foodgrain and 190,000 bales of jute.

The total damage to crops is estimated at Rs 361 crores, according to a white paper on the drought situation presented to the State Assembly.

The State in a memorandum to Centre has sought financial assistance of Rs 72.4 crores to meet the situation in addition to 300,000 tons of rice and wheat for the food-for-work programme. The Centre has also been requested to supply another 110,000 tons of foodgrain for sale through fair price shops.

According to the white paper, the estimated expenditure involved to provide jobs to more than 1.4 million people in the drought affected areas till March next year is Rs 104 crores. About 13 million people have been affected by drought.

Of the 3,250 gram panchayats affected by drought, the crop loss in 227 gram panchayats had been more than 70% and in 1,285 gram panchayats between 50% and 70%. Because of the prolonged dry spell only 5.4 million hectares out of 6.2 million hectares could be brought under cultivation during the Kharif season.

The State Government has taken steps to save the crops in as many areas as possible through the lift irrigation system. A large number of diesel pumps have been made available to the farmers at subsidized rates. A massive rabi cultivation programme is also being taken up to maximize production.

### Power Crisis Paralyzes Production

Calcutta THE STATESMAN in English 22 Sep 79 pp 1, 7

[Text] While power cuts continued unabated on Friday, industry sources in Calcutta spoke of mounting losses and shrinking investment. Mr B. H. Singhanian, president, Indian Chamber of Commerce, said production worth more than Rs 200 crores, had been lost in the past seven months. He urged the Government to encourage the private sector to undertake power generation in a big way.

He said new investments in the State during the past two years were not worth more than a mere Rs 40 crores. Production worth about Rs 40 crores was being lost every month during the past seven or eight months. An acute power shortage had paralysed production in many sectors and hopes of improvement after the installation of gas turbines had been belied. West Bengal's products were losing in competition; entrepreneurs were frustrated.

On Friday, the shortfall in supply to Calcutta was 100 MW in the morning and 70 MW in the evening. At Writers' Buildings, the Commerce and Industry Minister, Mr Kanai Bhattacharya, told reporters that the supply from Durgapur Projects was unsatisfactory. He said the Chief Minister felt that it should supply between 40 MW and 50 MW to Calcutta, but on Friday it supplied only 4 MW in the morning and 5 MW in the evening. A meeting of DPL officials and trade union leaders, representing the Centre of Indian Trade Unions, United Trades Union Congress and the Indian National Trade Union Congress, would be held in Calcutta on September 24 to discuss the situation.

Mr Singhanian said the present crisis was as severe as in April, but no explanation was available from the authorities concerned. Thermal plants were working at 42% of their capacity during the past three months. He felt that the efficiency of the State-owned plants would improve if they had to face healthy competition from private sector units.

Some leading industrialists met the Power Secretary early this month to know when the situation was likely to improve. According to official sources, Mr S. S. Verma, the Secretary, failed to give them any assurance, but he hoped that there might be some improvement by the end of the year.

He hoped that by October the CESC would be able to supply nearly 240 MW: Bandel and Santaldih 170 MW each, while DPL, DVC and the gas turbine would add 50 MW, 60 MW and about 35 MW, respectively.

The sources said that the Power Secretary maintained that if generation could be kept at this level, load-shedding could be restricted within a schedule. He agreed that even with this increase, the 510-MW demand of the CESC and the 230-MW demand of the SEB would not be fully met and a slight shortfall would continue. But the evening demand would be met because it would decrease by nearly 70 MW due to the restrictions on drawing of power by industries.

According to the sources, the Secretary said that shortage and the poor quality of coal had affected the functioning of the power plants. He hoped that the gas turbines at Haldia would be installed by the end of the year.

Industry sources felt it would be impossible for all units in the power plants to run smoothly at the same time. Neither the Railways nor Coal India could disown responsibility for the coal shortage. They suggested an impartial inquiry.

A spokesman of the DVC said that its generation was picking up slowly. At present it has reached nearly 700 MW. The position would have been better if the DVC could draw power from the two hydel power stations. The drought had reduced generation at these stations to nil.

The spokesman said that the DVC was trying to increase generation in the thermal stations. But of the three thermal stations, the units at Bokaro were too old to stand any further pressure. The position could be improved if power could be derived from the 120 MW Chandrapura VI unit. The unit, now on trial run, will come up to its full capacity after seven or eight months.

#### Rains Slight Bihar; Famine Imminent

Madras THE HINDU in English 23 Sep 75 p 2

[Text] On account of the strange vagaries of nature, the monsoon has skipped over the whole of south Bihar and sizable pockets in the North. What has followed is the prolongation of a relentless, rainless, humid summer and an unprecedented drought.

Haltingly and grudgingly the monsoon arrived a month behind schedule in the wake of an equally unparalleled heat wave, ruining summer crops including paddy and jute and behold, it disappeared as suddenly as it came!

Now for over a month and a half--the most crucial period for the kharif crop--the monsoon has been lurking in the Himalayan foothills absolutely refusing to descend to the plains.

In the unflecked copper-coloured sky, a burning sun ceaselessly beats down the baked, scorched earth with its fierce rays and in the desolate countryside, one is confronted with cracked and parched fields with stumps of pale, withered paddy standing thereon. It is evident that even before the lackadaisical and creaky administrative machinery swings into action, the battle against the century's most calamitous drought has been lost already.

Bihar's Chief Secretary, Mr K. A. Ramasubramaniam, a man of few words, concedes that the current drought is worse than that of 1966-67. In his air-conditioned room in the old Secretariat with its distinctive colonial architecture, the Chief Secretary grimly expresses the State Government's determination to see that not a single person dies of starvation.

According to official statistics 139 out of 596 blocks have been badly hit by drought. These have been officially declared as scarcity areas. In these blocks which are spread over 17 out of 31 districts in the State, transplantation of kharif paddy is well below 50 percent and production loss over 50 percent, according to present estimates. But the production loss ultimately is bound to be greater as standing crops also are withering for want of water.

The total production loss owing to drought is officially estimated at Rs 580.10 crores. The break-up is maize: 3.705 lakh metric tonnes worth Rs 55.58 crores, rice 20.903 lakh metric tonnes worth Rs 480.77 crores, pulses .775 lakh metric tonnes costing Rs 23.25 lakhs, jute 2.527 lakh bales costing Rs 9.10 crores and edible oils .286 lakh tonnes costing Rs 11.40 crores.

The overall crop losses are likely to go up if the hathia rains fail.

Among the worst affected districts in the State, according to official estimates, are Bhagalpur, where all the 21 blocks are drought-stricken, Monghyr where 20 out of 26 blocks are hit, Dhanbad, where all the 10 blocks are hit, Palamau, where 15 out of 25 blocks are affected, Rohtak, 18 out of 22 blocks and Patna where 10 out of 16 blocks are hit.

According to the Chief Secretary, the State Government has given the Centre a rough idea of the crop damage and its relief requirements. A Central team is expected to visit the State soon to assess its crop losses and relief requirements. The State government has also sought an allotment of four lakh metric tonnes of wheat from the Centre under the Food-for-Work programme of which 1.96 lakh metric tonnes have already been provided.

It is also proposed to launch test relief schemes for the benefit of the landless population in the countryside and Rs 5 lakhs has been sanctioned to each drought-stricken district for hard manual labour schemes. To begin with, 500 metric tonnes of wheat has been provided to each of the affected districts.

A list of indigent persons in drought-hit areas who may have to be fed at State cost is under preparation.



The Government has claimed that it has adequate food stocks at its disposal--roughly 6.74 lakh tonnes of which 5.71 lakh tonnes is wheat and 1.3 lakh tonnes is rice and more stocks have been promised.

District officers have been told to get irrigation pumps repaired and have them installed on rivers to save the withering crops. They have been warned that they would be personally held responsible for starvation deaths if any.

The Bihar State Electricity Board has claimed that it has replaced about 1,000 damaged transformers in the countryside. But this will not perhaps make much difference as the power situation continues to be grim.

The annual grain production in the State had been steadily rising during the last few years. From 98 lakh tonnes in 1975-76 it rose to 101.5 lakh tonnes in 1976-77 and 105 lakh tonnes in 1978-79.

The current year's target of 112 lakh tonnes cannot be achieved in view of the drought. Hardly 21.4 lakh hectares of net cultivable area out of 83.5 lakh hectares in the State is under irrigation and the rest is totally dependent on the monsoon. The situation would be indeed very serious if the hathia rains fail: then apart from the total loss of standing paddy, rabi crops also cannot be sown. In such an eventuality, nothing can save Bihar from the jaws of terrible famine.

#### Crop Production Hinges on Power Solution

Calcutta THE STATESMAN in English 27 Sep 79 p 1

[Text] Mr K. C. Pant, Union Energy Minister, told reporters in Calcutta on Wednesday that power generation in the country must improve within the next two weeks if the rabi crop were to be saved. Earlier, he met the Power Department authorities of some eastern States.

Among those present were Mr Jyoti Basu and the Governor of Sikkim. Mr Pant said that the drought had severely affected the kharif crop in Bihar, Orissa, Uttar Pradesh and some districts of West Bengal. The immediate solution was to ensure good sowing though the season would be over in the next three weeks. Power would be required for utilizing deep tubewells.

Referring to the frequent tube leakages in Santaldih, the Minister said that the Centre had decided to send a group of technical experts to the plant to identify and rectify the defects.

Asked about the Centre's role in the power crisis in West Bengal, Mr Pant reiterated that power was largely a State subject and there was not much for the Centre to do. He said that the utilization of generation capacity in the eastern region was low. The main reason for this was the poor performance of the thermal stations. The capacity utilization percentage in

the region had dropped from 49.64 in 1976-77 to 39.7 between April and July this year. Compared to this, the lowest recorded figure for capacity utilization in the western region had been 57.6%.

As a result, while generation in the country as a whole, had increased at the rate of 12% in 1978-79, the corresponding figure for the eastern region was only 1.8%. Between April and August this year, generation had dropped by 5.4% in the eastern region.

The Minister thought that among the reasons for low capacity utilization were delay maintenance and insufficient supply of coal to power plants. He admitted that coal supplied to the power plants had a high ash content.

Mr Pant said some units supplied by Bharat Heavy Electricals took a long time to stabilize. He held that 3,000 MW of additional capacity had been added to the system during the past year. Of this, 800 MW were from hydel units. He explained that BHEL originally had the capacity to manufacture small units of 100 MW. Because of the power crisis, it had been told to manufacture units with a higher capacity. This might have resulted in some defects.

The Merchants' Chamber of Commerce, in a memorandum to Mr Pant, said that inadequacy of power was the main factor inhibiting growth of industries in West Bengal. The Chamber said in a statement that it had requested the authorities of Coal India to ensure the supply of coal of good quality to the power generating units.

The statement added that the objective behind nationalization of the industry was to ensure the supply of coal of good quality at reasonable prices. The aim had not been fulfilled. It said that the gas turbines had not provided a solution to the power problem in West Bengal.

#### Power Cut in Karnataka

Madras THE HINDU in English 2 Oct 79 p 1

[Text] Bangalore, Oct 1--The Karnataka Government has announced the introduction of a power cut on all high tension consumers of more than 250 KVA contract demand in a graded scale, with effect from Monday (October 1) and until the end of June 1980.

The Power Minister, Mr K. H. Srinivasa, announcing the decision yesterday said the measure followed acute distress in the power position due to monsoon failure. The availability would be 60 percent of last year's average monthly consumption for those whose consumption had been not more than 100 KWH per KVA of contract demand, 55 percent for those with consumption of between 100 and 200 KWH, 50 percent for those with consumption of between 200 and 250 KWH, and 40 percent for those with consumption of more than 250 KWH per KVA.

Important service installations such as hospitals, water supply, educational institutions and irrigation schemes, and food processing industries have been exempted from the power cut.

Considering as "just," the representation from many industries that, in view of the serious situation, they might be enabled to work with the minimum power necessary for operating at full capacity though it might mean they would work only for a few months, in the next nine month period, the Government has ordered that energy up to 175 percent of the monthly allotment might be used during any month subject to the nine month allotment being not exceeded.

M. Srinivasa said at the end of the monsoon, the State's main hydel reservoir (the Linganamakki reservoir of the Sharavathy project) had been filled only to a little more than 50 percent of its capacity. The neighbouring States, except Kerala, had also stopped power supply to Karnataka due to their own difficulties. The first (135 MW) unit of the Kalinadi project was about to be commissioned and the Government still hoped that whatever energy yield expected from that project after the monsoon months, would be available. (The commissioning of the Kali first unit has also been delayed.)

CSO: 4220

## STRANGLEHOLD OF THE DHANBAD MAFIA

Madras THE HINDU in English 16 Sep 79 p 2

[Text] With the patronage and full support of powerful men in the ruling party and the Government in Bihar and with the connivance of officials of the BCCL, the Rajput mafia gangs of Dhanbad have held the colliery workers and tribals to ransom.

The activities of the Rajput mafia in the Dhanbad coal belt have, of late assumed serious proportions. The musclemen of the mafia, led by legislators and their relatives, are holding to ransom the entire economy of the country by obstructing lifting of coal from the pitheads, its transportation and loading in railway wagons in collusion with officials of the Bharat Coking Coal Ltd., who are said to be on the payroll of the all-powerful mafia.

As a matter of fact, the mafia has established its zamindari in the coal belt. Without its permission coal cannot be lifted and transported from the pitheads. It operates at many levels through its musclemen, it controls the trade unions of the BCCL mines, extorting subscriptions from the colliery workers. Its musclemen are also employed in the BCCL mines on paper, drawing their salaries every month without working for a single day. The main job of these privileged musclemen of the mafia is to extort union subscriptions from the workers on the first of every month at the pay counter itself as also interest and installments of loans advanced to them by the usurious mafia.

Lately, with the introduction of Prohibition in Bihar the mafia has also gone into the distillation business and sale of hooch to the colliery workers in a big way. Last, but not the least the mafia is engaged in illegal coal mining and pilferage of coal all over the coal belt on a very large scale with the active collusion of the BCCL officials. The mafia has full sway over the local police officials at the lower level.

Earlier this year the Rajput mafia leader, Mr Surva Deo Singh, was charged with the murder of two of the associates of trade union leader S. K. Rai



and arrested. He was subsequently released on bail. His men who had let loose a reign of terror in the coal belt, were allegedly involved in the coldblooded murder of Mr B. P. Sinha, a noted trade union leader of the coal belt. He and his men are also involved in a series of murders of rival trade union leaders and workers in the coal belt and a number of cases are pending in courts against them.

Mr Singh established his hegemony over the entire coal belt with his election to the State Assembly on a ruling party ticket in the 1977 poll. He also derives his influence and power from his close association with the Janata Party Chief, Mr Chandra Shekhar and the Rajput chieftain and State Janata Party President, Mr Satyendra Narayan Sinha. January to July was a period of eclipse for Mr Singh and his gang when a crackdown on the mafia by the district administration led by young, dashing Deputy Commissioner, Kumar Devendra Sinha and equally determined S. P. Rajiva Ranjan Prasad, curbed to a great extent its nefarious activities.

But in April things started looking up for the mafia with the fall of the Karpoori Thakur Ministry and the installation of the Rajput-dominated Ram Sundar Das government. Pressure was brought to bear on the Das Government by the patrons of the mafia at the Centre for the immediate transfer of the Dhanbad Deputy Commissioner and Mr Satyendra Narayan Sinha made it a prestige issue.

According to reliable reports Mr Surya Deo Singh and Mr Satyadeo Singh along with his brother, Mr Shankar Dayal Singh, Congress-I, MLA, played an important role in mobilising support for the Das Ministry when it faced a no-confidence motion in the State Assembly. They are reported to have spent a lot of money for the purpose. A similar role was played by them in the toppling of the Karpoori Thakur Ministry earlier in April.

In between Mr Satyendra Narayan Sinha is said to have used his good offices to bring together the two Rajput mafia chiefs, whose gangs clashed frequently during their operations in the coal belt. Both the chiefs were invited to a dinner meeting at the residence of Mr Sinha where it was decided that the two should sink their differences in the larger interests of the Rajput community and work jointly, dividing their areas of operation where it was not possible to operate jointly.

Soon after, two powerful Rajput Ministers of the Das Government, Mr Munishwar Prasad Singh, who holds the Irrigation and Power portfolios and Thakur Munishwar Nath Singh, Transport Minister, threatened to resign forthwith if the Dhanbad Deputy Commissioner was not immediately transferred. Accordingly, Mr Sinha was transferred from Dhanbad at the behest of the Chief Minister on July 12, only after six months of his stay there.

The transfer of the Dhanbad Deputy Commissioner was the signal for the resumption of full-scale operations by the mafia, now with redoubled vigour and ven-eance since it has the full patronage and support of

powerful men in the Government and the "powerful men" behind it. According to an exclusive and reliable source, the mafia is going strong now because it has been armed with authority from two powerful Janata leaders to raise money for the party's election expenses as also private funds for its leaders. No holds are now barred for the mafia. Its two leaders, fly in State Government aircraft with important Ministers of the Government ordering officials to carry out their instructions without fail. Incidentally soon after the transfer of the Deputy Commissioner, the S. P. of Dhanbad was warned by a Minister "to behave" otherwise he "would meet the same fate." "You are young and have many years to go in service... so better go slow in your own interest," he was told.

Mr K. D. Sinha the transferred Deputy Commissioner of Dhanbad is now roaming the corridors of the Secretariat for the last two months for a posting. He has been branded a Marxist for trying to bring some cheer to the exploited colliery workers of Dhanbad by extricating them from the stranglehold of the dreaded mafia and trying to enforce a semblance of law and order in the mining belt.

Mr K. D. Sinha's transfer and the circumstances in which it was effected will, perhaps, form one of the most disgraceful chapters in the annals of administration in Bihar, for he was the first officer who made a determined attempt to annihilate the mafia and almost succeeded in clipping its wings. There is no doubt that if he had been allowed to stay on, he would have succeeded in ridding the coal belt of this source, once for all.

Mr K. B. Saxena, another young and dedicated IAS officer, who had come down with a heavy hand on the usurious moneylenders during his brief stint as Deputy Commissioner in Dhanbad in 1975, also met a similar fate when he was moved out by the then Chief Minister, Mr Jagannath Mishra, at the behest of the burgeoning mafia.

A brief account of what the district administration under the dynamic leadership of Mr Sinha did to curb the mafia and the measure of success it achieved in its drive against the latter during his all-too-brief tenure of office will not be out of place, if only for the record. It is also relevant to show the extent to which the top civil servants in the State have been demoralised to carry out patently unjust and motivated orders of the political leadership without a murmur of protest.

Mr Sinha joined as Deputy Commissioner, Dhanbad on January 9 in the wake of the "triple murders" allegedly committed by the Surya Deo Singh gang. On January 10 the district administration swung into action and arrested Mr Singh and his men without waiting for a green signal from Patna. The district authorities had acted not a day too soon. As many as 26 gruesome killings had been reported in the coal belt in the fortnight ending January 9. Terror and panic stalked the coal belt. The administration was thoroughly demoralised and nobody was prepared to come forward to give evidence against the mafia men who openly drove about in their cars

and jeeps with loaded firearms. The people were feeling terribly insecure.

With infinite patience and determination the Deputy Commissioner and the S. P. set about analysing the situation and devising plans to end the mafia menace. They found out that intertrade union rivalry among the mafia gangs, internecine warfare among the gangsters for undisputed sway over the coal belt, race for a monopoly of BCCL contracts and extortion of money from the colliery workers by mafia gangsters were at the root of the trouble.

The mafia gangs had divided the entire coal belt area into different zones for operational purposes and each one of the mafia gangsters acted like a king in his zone. They also found that the BCCL officials were hand in gloves with the mafia and obliging them with the award of contracts in the BCCL mines. They also gathered that the top management of the BCCL, in fact, a powerful caucus of the management, was supporting and actively collaborating with the mafia. The mafia musclemen were occupying the residential quarters of the BCCL.

The mafia also had at its disposal a fleet of trucks which plied throughout the coal belt without paying vehicular taxes. The mafia also extorted money from shopkeepers and traders within its jurisdiction. There were two major and powerful mafia gangs led respectively by Mr Suryadeo Singh and Satyadeo Singh. There were other smaller gangs as well led respectively by Naurangdeo Singh, Rajdeo Rai and Tapeswar Singh but these did not have much of a political backing or patronage.

The district administration went about the business of wiping out the mafia systematically and methodically. They first arrested the mafia leaders. A series of surprise raids were carried out on the residences of the mafia leaders to unearth illegal firearms and their firearm licences were cancelled. Externment orders were served on them and their lieutenants under the Crime Control Ordinance. The mafia trucks plying without proper registration and payment of taxes were seized. A drive against mafia moneylenders was also launched.

The Deputy Commissioner came to the conclusion that the stranglehold of the mafia on the coal belt could not be ended unless their sources of illegal income were sealed effectively. To this end, extortion, monthly subscriptions from colliery workers which came to about Rs 2 crores annually was stopped. Police parties headed by magistrates were posted at the payment counters of the BCCL mines to ensure that money was not extorted from the colliery workers. Illegal coal depots, another source of income for the mafia, were also removed.

All this had a salutary effect and the only source of income left to the mafia was the BCCL contracts. Here the Deputy Commissioner could not do much because the BCCL management absolutely refused to cooperate with the

with the district administration. The latter ignored a suggestion of the Deputy Commissioner that it blacklist the mafia contractors.

The Deputy Commissioner could also do little about expediting the disposal of the criminal cases against the mafia leaders and their men pending since 1968 because the courts were not under his control. But mobile courts were set up by the district administration for the quick disposal of cases involving breach of peace, intimidation of colliery workers and illegal occupation of lands.

The transfer of Mr Sinha has now encouraged the mafia which has resumed its sinister operations on a big scale. Concerted moves are now on at the behest of the supporters of the mafia in the Das Government to undo all the good work done by Mr Sinha to end the stranglehold of the mafia on the cold belt, rescind the externment proceedings against the mafia leaders and their men, grant them bail, release their licensed arms, regularise their encroachment on government and tribal lands and renew their cinema licences. But the colliery workers and the tribals who had begun to breathe freely and look forward to a secure future are sad and dejected. They are once again gripped by fear and insecurity, especially those who gave evidence against the mafia. Who will protect them now from the mafia vultures?

CSO: 4220

THREE ADDITIONAL COAL PROJECTS APPROVED

Madras THE HINDU in English 15 Sep 79 p 9

[Excerpts] The Union Cabinet today gave its approval to three new coal projects, which are estimated to cost Rs 50.36 crores and which will provide an additional capacity of 2.49 million tonnes of coal annually for the thermal power stations in Maharashtra and Madhya Pradesh and the coal washeries of the collieries in the eastern region.

The three new open cast mines approved today are the Katras mine of the Bharat Coking Coal Limited (BCCL) in Dhanbad, Bihar, the Rajnagar mine of the Western Coalfields Limited (WCL) in Madhya Pradesh and WCL's Lalpeth mine in Chandrapur district of Maharashtra.

Together with the 10 new projects cleared a fortnight ago, additional coal production capacity of about 6.74 million tonnes will be generated in the next four to five years.

The Katras mine, with an investment of Rs 26.04 crores, will produce 0.90 million tonnes of prime coking coal by 1983-84, to bridge the gap between the demand and supply of prime coking coal. It will be linked to the proposed Ahamaband coal washery which will have a capacity of 3.6 million tonnes a year.

The linking of this project to the Dugda washeries will meanwhile continue. The mineable reserves of the area are 4.44 million tonnes, with project life estimated at 26 years at a production level of 100 percent and 32 years at 85 percent production level.

The Rajnagar mine, with an annual production capacity of one million tonnes, will increase supply of coal to the power houses of the Maharashtra State Electricity Board (MSEB) and help bridge the gap in coal supplies from the Singareni collieries and the Singrauli coalfields.

Production from this mine will be linked ultimately to the proposed thermal power station of the Madhya Pradesh Electricity Board (MPEB) at Birsingpur,



as supplies from Singrauli and Singareni would have improved by the time this new power station comes up with an investment of Rs 12.43 crores. This mine has total mineable reserves of 28.12 million tonnes and a project life of 30 years at 100 percent production level.

The Hindustan Lalpeth open cast mine of the Wardha valley coalfields, involving an investment of Rs 11.88 crores and mineable reserves of 11.2 million tonnes, will produce 0.59 million tonnes of coal by 1984-85. Proposed to be linked to the Chandrapur thermal power station, in its second stage, production from the mines will initially be restricted to the level of output which can be transported by road to meet the shortfall in supplies to the power station.

The Wardha valley coalfields had in the past been under great pressure for supplying adequate quantities of coal to various consumers in the western region. This demand is likely to increase further with the expansion of existing capacities and the setting up of additional power stations in the western region with the increased demand of the industrial sector.

CSO: 4220

# FIRST SHIP BUILT IN COOPERATION WITH POLAND TO BE LAUNCHED MID-1980

Calcutta THE STATESMAN in English 5 Oct 79 p 9

Warsaw, Oct 4--The first ship built by Hindustan Shipyard at Visakhapatnam under Indo-Polish cooperation will be launched in the middle of next year, reports UNI.

Mr Antoni Karas, Polish Deputy Minister for Foreign Trade and Shipping, said the plan was to construct 12 such ships.

Certain equipment and machines produced in Poland will be installed in the ships constructed at Visakhapatnam. Similarly, the ships built in Poland will have Indian components. The capacity of these ships will vary from 5,000 tonnes to 12,000 tonnes.

This apart, India and Poland will also collaborate in producing new types of ships. Mr Karas said Poland had also signed an agreement with an Indian firm for production of cranes mounted on trucks based on Polish model. The special trucks will come from Poland and the cranes are to be built in India.

Poland, the Minister informed, was also helping the marine fisheries off the Bombay coast. The first ship sent by Poland surveyed the area and had reported the type of vessel needed for fishing. A second vessel was sent for commercial exploitation. At present discussions were on for the final operation, keeping in mind the export possibilities.

## Bilateral Trade

He said in 1978 the volume of Indo-Polish trade reached a level of \$130 million with \$50 million accounting for Polish exports to India. This meant that the turnover in 1978 had decreased by about \$260 million compared with the previous year. The sixth session of scientific and technological cooperation held in New Delhi in March considered the extension of Indo-Polish commodity supplies and broadening of economic cooperation.

To India, Poland was the second-biggest trading partner among the socialist countries, next to the Soviet Union, Mr Karas added. The main characteristic of the trade turnover during the last three years was that Poland imported more than it exported to India. Although Poland was capable of buying more Indian goods, its exports put a limit to the imports. Therefore, it was taking all possible measures to find ways of enlarging exports to India.

He said Poland could participate in the economic development of India, particularly in areas where it possessed technical knowledge, expertise and qualified specialists. New lines of cooperation could be identified. Another area of cooperation could be the third countries.

Since 1963, India had been the major buyer of Polish power equipment. Elektrim had already supplied to India six turbine sets of 55 MW to 120 MW and five boilers. In 1978 the value of export to India amounted to \$2.8 billion.

CSO: 4220



## INDIA

### BRIEFS

**NEW OIL FIND--**Purnea (Bihar), Sept 24--A big deposit of oil and natural gas has been found on the banks of the Ganga near Maniharghat about 50 km from here. The Oil and Natural Gas Commission authorities said the exploration work in the area under Delarpur village had just ended. A preliminary check up revealed a larger reservoir of oil and gas extending up to Bhagalpur and Dumka regions. A report has been submitted by the Commission to the Government in this connection. [Text] [Madras THE HINDU in English 25 Sep 79 p 1]

**AGREEMENTS WITH NORWAY--**Norway will provide to India assistance of Norwegian kroners 106 million (rupees 170.6 million) during 1980. An agreement to this effect was signed in New Delhi on 24 October between R.N. Malhotra, additional secretary, Department of Economic Affairs, Ministry of Finance, the Government of India and Paal Bog, director general, Ministry of Foreign Affairs, the Government of Norway, on behalf of their respective governments. Along with their assistance for ongoing projects it is proposed to take up two important projects in the fields of fisheries and forestry in 1980. Another agreement was signed between representatives of the governments of India and Norway under which Norway would provide financial assistance as grant of kroner 12 million to the all-India Institute of Medical Sciences for a study on ameobiasis. On behalf of India the agreement was signed by N.N. Vohra, joint secretary, in the Union Ministry of Health and Family Welfare and on behalf of the Norwegian Government it was signed by Doctor P. Bog. The agreement would be in operation for about [word indistinct] years. [Excerpts] [Delhi ISI Diplomatic Information Service in English 0847 GMT 25 Oct 79 KB]

**RAJASTHAN FAMINE DISTRICTS--**The Rajasthan government today declared 10 districts as famine affected. According to a government notification, relief operations will now be started in these districts on a comprehensive scale. [Delhi Domestic Service in English 1230 GMT 20 Oct 79 BK]

SOVIET TRADE--New Delhi, 17 Oct (AFP)--Trade between India and the Soviet Union is officially expected to touch a new high this year. A report in the "Economic Times" here today said that the latest projections made by the Indian Commerce Ministry were that the turnover for the year may be in the range of 13,000 million rupees (over \$1.6 billion) to 14,000 million rupees (about \$1.75 billion). This would be considerably higher than last year's turnover placed at 10,566 million rupees or over \$1.32 billion. The substantial rise was attributed to the rupees surpluses that had accrued to the Soviet Union from the increased prices of crude oil supplied to this country. The Soviet Union in turn had agreed, the report said, to import 1,000 million rupees (\$125 million) worth of non-traditional items, including cosmetics, garments, knitwears, heavy forklift trucks, garage equipment, compressors and batteries. [Text] [Hong Kong AFP in English 1826 GMT 17 Oct 79 BK]

CSO: 4220

UNREST FOLLOWS LAND REDISTRIBUTION IN EAST JAVA

Tobacco Barns Burned

Jakarta SINAR HARAPAN in Indonesian 1 Aug 79 pp 1, 11

[Article: "Ten Tobacco Warehouses Burned; Houses of Village Chief and Staff Destroyed"]

[Excerpt] At least 10 tobacco warehouses were burned and houses belonging to the village chief and his staff were destroyed in a wave of demonstrations that took place between 23 and 26 July 1979.

This event was the result of a redistribution of land-use rights of the PTP XXVII plantation company in the subdistrict of Jenggawah, Jember District.

Supono, the district chief of Jember, stated that the incident which occurred in the area originated as a land-use redistribution team completed its task in accordance with the district instructions of 3 July. The redistribution of land-use rights of the PTP XXVII plantation company was based on the policy guidelines of the governor of East Java and was announced directly by the district chief to the farmers of the villages of Ajung and Lengkong on 4 July.

However, on 5 July, the former landholders destroyed the soybean crop of the new land grantees.

The former landholders still considered the paddy land to be their own although they had been given new plots to cultivate. To prevent this, measures have been taken so that such incidents will not reoccur, because such actions are considered illegal and constitute criminal behavior.

The incident turned uglier and reached its peak on 23 July, when at 2 pm damage was done to a plot of land owned by the laborer Hemi by a woman named Aminah.

Local authorities immediately took the situation in hand and brought Aminah to police headquarters at Jenggawah. Not long afterwards at 4 pm, a demonstration broke out among the inhabitants of the hamlet of Cengkring Baru in the village of Cangkring.

The district chief said it was difficult to get the demonstrators to negotiate. They demanded the cancellation of the land rights redistribution, the return of the people's rice paddies, the resignations of the hamlet chief and village chief of Jenggawah and the release of Aminah.

To keep the situation from deteriorating further, Aminah was released at this time. Later at a meeting on 24 July, the local authorities of Jember undertook to resolve the affair at Jenggawah.

As a first step, the police and military units in Jember held an indoctrination session for the villagers and re-arrested Aminah and other people who had taken part in the demonstration. Aminah, H. Achmad and Imam Chudori were taken into custody.

Local populace then took to the village streets and surrounded the official vehicles in the middle of the night, so that for all intents and purposes the vehicles were immobilized.

Reinforcements were brought in; however, the people surrounded the vehicles carrying the security forces and deflated the tires. The official vehicles with their passengers, said Supono, were surrounded and held hostage for 3 hours, from 2:30 to 5:30 am on 25 July.

On 25 July at 10:15 am, another demonstration took place. This time the target was a person who had actively helped the government officials in the area. That evening at 8 pm the demonstrators set fire to some tobacco warehouses belonging to the PTP XXVII plantation company. Seven warehouses were burnt to the ground, while 3 others were partially burned and could be salvaged.

#### Implementation of Agrarian Law

Jakarta KOMPAS in Indonesian 10 Aug 79 pp 1, 12

[Article: "DPR/MPR Chairman Daryatmo: 'DPR Has the Right To Press the Government To Resolve Land Problems' - Formation of a National Level Land Settlement Team Suggested"]

[Excerpt] The DPR (People's Representational Assembly; Parliament) is empowered to press the government to resolve in an immediate and determined manner the problem of land disputes, if such disputes have not yet been settled. At a working meeting with government representatives, the DPR

leadership delivered a written admonition stating that agrarian problems were the major cause of complaints reaching the Parliament lately. This was the statement issued by the DPR/MPR chairman, Daryatmo, last Monday after consultation with President Suharto at the Bina Graha Building.

Daryatmo expressed the opinion that methods taken by the government to resolve the land disputes could still be improved. "I am convinced the government is serious enough about coming to grips with the problem, although the matter is not as easy as we thought and besides, the agrarian problem is sensitive," said the DPR/MPR chairman.

Responding to questions, Daryatmo said that before a problem is resolved, the causes of it must be sought out, and these causes are what must be eliminated. As concerns land problems, agrarian laws are not really being applied consistently, that is, in accordance with what is meant or understood by those laws. Whether a law can be put into effect without implementing regulations, according to Daryatmo, must be considered beforehand. If implementing regulations is required, appropriate ordinances will be immediately promulgated.

It is said agrarian problems are not becoming more evident lately because there has been an increase in such problems. Rather, it is because nowadays more people have the courage to speak out. The result has been to stimulate in turn additional people to express themselves. "I consider this a positive development. If the people remain silent, later they will feel frustrated," said the DPR chairman.

He expressed the opinion that there was no need to exaggerate agrarian problems, but that what mattered more was to seek a solution. If such problems are overstated, we may feel as if we are overwhelmed by them, to the extent that other problems are overlooked, he said.

Turning to agrarian problems that have not been addressed lately and to the question of land whose return has been requested by the plantations, Daryatmo said that such matters must be thought out beforehand. What would be the advantages of dividing the land among the people as opposed to returning it to the plantations, he asked. If in reality more advantages are derived by returning the land to the plantations because they generate more foreign exchange, the people should not thereby be simply excluded. "In such cases there must be compensation," said Daryatmo.

In the meantime, information from a KOMPAS source disclosed that the number of agrarian disputes that have become critical can be estimated by recalling its linkage with efforts by national and private plantations to expand their acreage. This (attempted) expansion was stimulated by the devaluation (of November 15, 1978) which, according to plantation company calculations would have multiplied profits.

Moreover, according to the KOMPAS source, there are presently large tracts of untilled plantation land subject to redistribution that now are being cultivated by local farmers.

According to the KOMPAS source, it is already common knowledge that in forestry circles there is a custom among certain elements of the forestry service to rent or make sharecrop or other arrangements unofficially with local farmers in jungle regions. Among the peasants, however, these arrangements are considered official agreements, although the authorities with whom they deal remain quiet about such arrangements and generally conceal the matter from their superiors. "If these superiors then have projects planned for the land that is rented out, disputes arise between the farmers and the forestry officials," said the KOMPAS source. This custom of renting (idle) land has spread to nearly all of Indonesia.

#### One Side Satisfied

Jakarta KOMPAS in Indonesian 10 Aug 79 p 12

[Article: "Imam Churmen: Both Sides Must Be Satisfied"]

[Excerpt] DPR (parliament) member of the PP (Islamic Party) faction, Imam Churmen, expressed astonishment at the statement by Interior Minister Amir Machmud on Wednesday that the president was satisfied with the redistribution of land-use rights at the PTP 27 plantation company in Jember, East Java.

Addressing journalists at the DPR on Thursday afternoon, Imam Churmen asked, "If the president is satisfied, does this mean the people are satisfied also?" According to the parliamentary member, satisfaction must be felt by both parties, in this case both the government and the people who till the plantation land in Jember.

"The government is satisfied if its programs are running smoothly, and the people are satisfied if they can feel the advantages of such programs," he said. However, at the present time, according to him, the people are very dissatisfied because with the implementation of land redistribution, the plots which they till have been decreased in size to only three-tenths of a hectare.

According to agrarian law 5/60, minimum land ownership per family to assure a moderate standard of living is 2 hectares. In Jember, on the contrary, people who already had 2-hectare plots found their land rights reduced to only three-tenths of a hectare. "Is the intent in this case to assure them a moderate standard of living?" said Imam Churmen as he became silent again.



Nevertheless, the parliamentary member admitted that land redistribution has enabled 1000 more peasants to receive plot allocations. He added, however, that "Giving something to people who are hungry then brings hunger to the giver."

The DPR member concluded by expressing hope that the people would not be beaten if they struggled for their rights and the government disagreed with their position. Such a situation could create fear on the part of the people to always express the truth and to anticipate justice, said Iman Churmen.

9464

CSO: 4213

## **PERTAMINA'S DEBTS STAND AT \$3.4 BILLION**

**Down From \$10.5 Billion**

**Jakarta MERDEKA in Indonesian 13 Aug 79 p 1**

**[Article: "Pertamina Debt Still Stands at \$3.4 Billion"]**

**[Excerpt] Pertamina's debt, after repeated (corrective) steps by the government, now stands at \$3.4 billion, said Minister of State (for Reform of the State Apparatus) Sumarlin Saturday afternoon at the Bina Graha Building after his meeting with President Suharto.**

The minister explained that the total remaining debt included, among other things, a number of projects which could pay for themselves, such as the LNG (liquefied natural gas) project, the Cilacap oil refinery, the Pertamina explorations, the Cilamaya-Cirebon pipeline project, and the fertilizer project in East Kalimantan.

Before the government undertook corrective action, according to Sumarlin, Pertamina debts stood at \$10.5 billion. The first remedial steps diminished the debt to \$6.2 billion, while subsequent measures further reduced it to \$3.4 billion.

The total initial debt of \$10.5 billion included, among other schemes, the \$2.1 billion Krakatau Steel project which has since been renegotiated down to \$1.1 billion, said Sumarlin.

The minister added that it had been possible to reduce the total Pertamina debt through the cancellation of projects that were considered nonessential, such as the Teluk Semangka terminal funded at \$300 million.

Turning to the Pertamina oil tanker problem, Sumarlin stated that for all practical purposes, it had already been resolved with the original claim \$3.3 billion being settled for \$3.251 billion.



Speaking of Presidential Instruction 14/1979 which extends government assistance for the launching of regional projects costing 50 million rupiah and under to entrepreneurs from weaker sectors of the economy, the minister explained that it was not true that the certification of such small-scale entrepreneurs required official letters from the local subdistrict and village chiefs.

"If this practice is allowed, we fear it could present opportunities for the imposition of unauthorized charges," said Sumarlin.

He further explained that all entrepreneurs had the same rights in obtaining a share of government projects. Presidential Instruction 14, according to Sumarlin, signifies that projects funded at 50 million rupiah and under are to be allocated to entrepreneurs in the weaker sectors of the economy. "And as for projects costing over 50 million rupiah, anyone at all can participate as long as he helps the government," he said.

#### Accord With Burmah

Jakarta HARIAN UMUM AB in Indonesian 15 Aug 79 p 3

[Article: "Have Pertamina and Burmah Oil Agreed To Bury the Hatchet?"]

[Excerpt] Pertamina and Burmah Oil Co have apparently reached agreement to end their dispute. Burmah will receive \$43 million in settlement. Of this sum, \$12 million has already been remitted according to the July 1979 issue of SEA TRADE, while the remainder will be paid during the next 3 years.

This payment is for the use of seven oil tankers. Burmah (and Pertamina) have issued a joint announcement that the charters of two of these vessels have been revoked. The ships concerned are as follows: The Gallant Seahorse and Pacific Seahorse, each with a displacement of 94,000 tons are the tankers whose charters have been cancelled; Pertamina Samudera IX with a displacement of 54,000 tons were sold at the end of 1977 after cancellation of its charter. The remaining ships are: Universe Patriot with a displacement of 157,500 tons whose charter expired at the end of 1976; the Burmah Pearl and the Burmah Peridot, each with a displacement of 138,000 tons, whose charters run until 1983, and the tanker Filatra Legacy, with a displacement of 116,000 tons, whose charter extends until 1984.

9464

CSO: 4213

BDNI FACES BANKRUPTCY, OVERSEAS DEBTS CITED

Jakarta TEMPO in Indonesian 8 Sep 79 pp 47-48

[Article: Tragedy of a Republican Bank"]

[Text] In almost a year the Bank Danang Nasional Indonesia [Indonesian National Commercial Bank] has accumulated tens of millions of dollars in debt even though a maximum debt ceiling of only \$2 million is permitted by the Bank Indonesia (BI). Although the BI has known about this for a long time, it has not taken steps rapidly.

A Toyota Crown Deluxe B-2023-ES sedan enters the driveway of the BDNI on Kali Besar Timur Street, North Jakarta. A short man, with a birthmark on his right cheek, is talking on the telephone in the car. A moment later, he rushes into the ancient-looking building, carrying a map.

He is Paulus Wibowo, executive director of BDNI, about 35 years old, of late the subject of many people's conversations. This private bank, as stated in the newspaper THE ASIAN WALL STREET JOURNAL recently, has had a serious financial crisis which could lead to bankruptcy. The crisis resulted from foreign indebtedness incurred under the management of Executive Director Paulus.

According to correspondent Raphael Pura of the AWSJ, these debts, created by drafts drawn on its correspondent overseas banks, amount to about \$25 million, but at one time they were as high as \$100 million or eight times the assets of BDNI.

Why did BDNI seek this great sum? "I am in a difficult position. It would be wrong of me to answer your questions," Paulus told TEMPO's Yunus Kasala, who met with him on Monday afternoon [3 September]. When pressed, he refused to make any further comment. "Wait 10 more days. We are settling the matter." Does this mean bankruptcy? Paulus was silent as he rushed into the bank.

In mid-1978 Hatta, then executive director of BDNI, and his partner, the well-known Malaysian banker, Datuk Hadji Mohamad Ali S.T. Tan, attempted to buy the Redwood Bank, a small bank in San Francisco. Datuk Tan belongs to a group of Malaysian bank executives. Further, Datuk Tan owns a number of private banks in Malaysia. He also holds the biggest timber concession in Sabah, obtained when Sabah was governed by Prime Minister Tun Mustapha Harun.

#### Terms Proposed for Paulus

Apparently the directorship of the Redwood Bank did not accept the offer to take over operations without reservation. They proposed that Paulus-- who had been handed the task of managing the takeover of operations-- deposit \$14.8 million in an account which was to be opened with the Redwood Bank. The problem began at that time. The money was deposited on 5 July 1978. The Manufacturers Hanover Trust Co. in New York, the BDNI correspondent bank in the United States, was taken by surprise, for the BDNI draft, drawn upon its own account, could not be honored--although the due date had arrived. So why did Paulus Wibowo try to buy a bank in the U.S.?

The Hanover Trust put pressure on the BDNI to either pay the debt immediately or go bankrupt. The draft and letter of credit drawn by the BDNI at that time was not honored. There is nothing more serious for a bank than not having a draft or letter of credit honored. So, Paulus was forced to use the money deposited in his account in the Redwood Bank to make two payments of \$6 million and \$8.2 million, respectively, to the Manufacturers Hanover Trust.

Hanover Trust apparently was not the only casualty from BDNI's activities. The Hong Kong branch of the Banque Nationale de Paris is still trying to dun BDNI for a repayment of HK\$15 million. Bankers Trust Co., New York, was hit for \$1 million. A number of Japanese banks also were casualties to BDNI indebtedness.

However, the biggest casualty perhaps is the Hong Kong branch of the Chiyu Banking Corporation, whose central office is in Beijing. This bank has pursued BDNI for repayment of a \$6.15 million draft since November 1978.

This crisis, which is similar to the earlier Pertamina and PT Hil financial crises, probably does nothing to ruin overseas confidence in the Indonesian banking system. However, this scandal clearly has been bad enough to destroy BDNI's reputation since former clients of the bank, particularly importers who would ordinarily open letters of credit with the bank, no longer care to do business with the BDNI.

Actually BDNI is the oldest indigenous private bank in Indonesia. It was licensed as a foreign exchange bank in 1950. In Indonesia a license to act as a foreign exchange bank guarantees a profit to a private bank since

not all private banks have this special privilege. Perhaps one of the reasons why BDNI was so privileged is that it was established in 1945 by several businessmen in Medan who fought for the republic and who grouped together to form the Republican Bank.

The bank, which has 2,000 shareholders, encountered many problems in its years of operation, particularly problems of management and finance. Sri Sultan Hamengbuwono bought a majority of the shares of the bank to preserve it as a bank established by fighters for the republic. Because he later became vice president of the Republic of Indonesia, he was represented by Sri Budoyo, an individual in whom he had great confidence, as executive commissioner of the BDNI.

It was Sri Budoyo, a tourism VIP, who later invited Paulus Wibowo into the bank. Paulus, known earlier as Chiang Chie Wei, is the executive commissioner of two steel companies, the PT Irosteel Works and PT Baja Indonesia Utama, both of which are located in Pulo Gadung, Jakarta. Of late he was also made executive commissioner of PT Bank Dagang Rahardja [Rahardja Commercial Bank] which later changed its name to PT United City Bank. Many gathered that the money borrowed filtered to the two steel companies.

Banking circles here was surprised because they knew little about this serious affair although the Bank Indonesia has known about it for quite some time. Rachmat Saleh, governor of the Bank Sentral [Central Bank] only told AWSJ, "We have known about the problem; we have studied the matter."

Paulus Wibowo, usually called Papao by his friends, was warned three times by BI. Rachmat Saleh also spoke about the matter to Sri Sultan before he left for the United States last July. But the question remains, why didn't BI take immediate steps in the first place to keep BDNI overseas debts from rising so far above the permitted \$2 million ceiling?

6804

CSO: 8127/0045

## INDONESIA

### BRIEFS

**NETHERLANDS SHIP MAINTENANCE**--Jakarta, 5 Oct (ANTARA)--A cooperation agreement in ship reparation and maintenance between Indonesia and the Netherlands was concluded here Friday. The draft of the agreement was signed by the state minister for research and technology B. J. Habibie in his capacity as director of the Navy Shipyard (PAL) in Surabaya and the director of the Rhine Schelde Verolme [RSV], Alard Stikker. According to the agreement the RSV will provide equipment and experts to take care of Indonesian warships such as submarines, torpedo-boats and frigates. One of the frigates bought from the Netherlands by the Indonesian Navy arrived here on October 3. The ship was named Kri Fatawillah. Minister Habibie meanwhile said that the shipyard would also open to other ASEAN states willing to repair their warships here. [BK080318 Jakarta ANTARA in English 0733 GMT 5 Oct 79 BK]

**ENVOY TO LIBERIA**--Jakarta, 13 Aug (ANTARA)--The foreign office announced on 12 August that Indonesian Ambassador to Nigeria Iwan Stambul has been appointed Indonesian Ambassador to Liberia. His appointment has been approved by the Liberian Government. In representing Indonesia in Liberia Iwan Stambul will continue to reside in Lagos. [Excerpt] [BK201300 Jakarta ANTARA in English 0713 GMT 14 Aug 79 BK]

**ROLE OF KOPKAMTIB QUESTIONED**--Jakarta, 11 Oct (AFP)--Several retired Indonesian generals today questioned the position of the country's most powerful peace restoration command (KOPKAMTIB) under Admiral Sudomo. General Hugeng Imam Santoso, former national police chief, told parliamentary faction of the ruling Golkar (functional group) that KOPKAMTIB's existence could only be justified in an emergency situation. "Indonesia is not in an emergency situation but KOPKAMTIB still exists. The Golkar faction should think it over," he said. General Hugeng with other leading figures including former Jakarta Governor General Ali Sadikin went to Parliament as members of the Institute for the Promotion of Constitutional Awareness who were received by faction chairman Sugiharto. General Sadikin said KOPKAMTIB now played a more important role than that of the police in the region. Arresting people was the police's job and not that of KOPKAMTIB, he said. [Text] [BK111315 Hong Kong AFP in English 1235 GMT 11 Oct 79 BK]

KAMPUCHEA

FORMER DIPLOMAT, KNUFNS CC MEMBER'S STATEMENT TO KNUFNS CONGRESS

BK141055 SPK [Clandestine] in French 0430 GMT 6 Oct 79 BK

[Text] Phnom Penh, 6 Oct (SPK)--"The Kampuchean United Front for National Salvation is a very great benefactor of the Kampuchean nation," declared Chem Snguon, Kampuchean ambassador to Algeria and Lebanon from 1970 to 1975, in his statement at the second KNUFNS congress held recently in Phnom Penh.

Chem Sngoun who has been elected a member of the KNUFNS Central Committee at this congress stated:

Under the Pol Pot regime, we lived in hell. All of us suffered from hunger, diseases and uninterrupted hard labor. We lived in permanent fear because our spouses, children or brothers could be massacred at any time.

The massacres have ended, the life of hell is over. We must now live so our nation survives. Also, we intellectuals must devote heart and soul to the people's cause so that the Pol Pot-Ieng Sary genocidal regime will never be revived. We are determined to endure all difficulties and privation to conserve our independence, sovereignty and right to self-determination. We are also determined to expand and reinforce our solidarity to earn the approval of our friends around the world and to rebuild our country from nothing and lead it toward a radiant future.

The intellectuals, he continued, fully support the political line of the KNUFNS which, within only 9 months, has enabled the Kampuchean people to obtain successes in all domains: Military, political, economic, cultural and diplomatic successes.

We intellectuals who survived the genocide, express our admiration and profound gratitude for the benefits of the KNUFNS and KPRC. We also thank the governments of friendly countries which have offered us all kinds of aid, notably foodstuffs and medicine.

In conclusion, Chem Sngoun called on patriotic intellectuals at home and abroad to best contribute to the people's cause.



"Now, more than any time," he said, "the children of Kampuchea must unite to perpetuate the destiny of our nation in response to the call of the country to serve the nation."

He called on the intellectuals at home and abroad to join with the people to liquidate the remnants of the Pol Pot-Ieng Sary troops, foil all perfidious maneuvers of Beijing, American imperialism and other reactionaries, and to build a peaceful, independent, democratic, neutral and nonaligned Kampuchea which is advancing toward socialism.

CSO: 4200

VFF GREETES HENG SAMRIN ON REELECTION, KNUFNS CONGRESS

BK141446 SPK [Clandestine] in French 0404 GMT 4 Oct 79 BK

[Text] Phnom Penh, 4 Oct (SPK)--Hoang Quoc Viet, chairman of Vietnam Fatherland Front "VFF" Central Committee presidium, on 2 October, on behalf of the VFF Central Committee and in his own name, sent a greetings message to Heng Samrin on the occasion of the latter's reelection as president of Kampuchean National United Front on National Salvation [KNUFNS]. The message reads:

The Vietnamese people are firmly convinced that, under your leadership, the KNUFNS will certainly be consolidated and develop in order to broadly rally the Kampuchean people in the struggle to achieve great victories in building and defending heroic Kampuchea.

The VFF Central Committee on Tuesday sent a message to the KNUFNS Central Committee conveying its "warmest felicitations" on the fine success of the second KNUFNS congress. The message:

The fine success of the second KNUFNS congress has contributed to further reinforcing the national unity bloc of the Kampuchean people and to vigorously encouraging them to overcome difficulties in the task to restore their country and oppose the dark designs of the Beijing expansionists who, in collusion with imperialism and other reactionary forces, are engaged in sabotaging the independence of the Kampuchean people.

We are convinced that, with the five-point action program drawn up by the second congress and with the enlarged steering committee, the KNUFNS will achieve success in grouping the Kampuchean people of various strata and in encouraging them to build and defend Kampuchea and to turn it into a peaceful, independent, neutral and nonaligned country advancing toward socialism.

CSO: 4200

## PAKISTAN

### BRIEFS

FOREIGN ASSISTANCE--Pakistan is to receive loans amounting to \$55.5 million from two international institutions to finance a ground water irrigation project in Sind. Of this \$42 million will be given by the Asian Development Bank and the remaining \$13.5 million by the International Fund for Agricultural Development. The loans will be interest-free and repayable in 40 years. The \$76 million project, when completed, will supplement the currently available irrigation water through the utilization of ground water. [BK191409 Karachi Domestic Service in English 1700 GMT 18 Oct 79 BK]

ISLAMIC BANK LOAN--The Islamic Development Bank has given a loan of \$12 million for the setting up of an integrated unit of the Pakistan oil refinery. This was stated by the vice president of the bank while talking to newsmen in Karachi 13 October. He said Pakistan, as the main recipient of aid from the bank, has so far received more than \$110 million from the bank. This year the bank will be providing about \$500 million to member countries. [BK191409 Karachi Domestic Service in English 1700 GMT 18 Oct 79 BK]

CSO: 4220

## PHILIPPINES

### BALANCE OF PAYMENTS DEFICIT SOARS TO \$540 MILLION

Manila BULLETIN TODAY in English 2 Oct 79 p 12

[Text] The Philippines incurred her biggest balance of payments deficit--\$112.5 million--during the year in August, pushing the accumulated BOP gap to a record \$540.89 million for the first eight months.

The August deficit compared with a \$22.80 million shortfall for the same month last year, but the eight-month deficit of \$540.89 million was an obvious deterioration from the \$80.43 million surplus earned for the same period last year.

A trade deficit of \$163.87 million in August was the main factor responsible for the month.

In spite of the series of measures adopted by the Central Bank in early June to dampen imports, the figures for August showed that import payments had in fact risen from \$394.7 million to \$518 million which, when ranged against the month's exports of \$354.21 million, resulted in a trade gap of \$163.87 million, compared to \$137 million for the same month last year.

Inflows in nonmonetary capital were likewise lackluster during the month as only \$24.45 million, most of which short-term, came in compared to a net inflow of \$71.73 million in August 1978.

For the period January-August, merchandise trade transactions were in the red for \$1,107 million, reflecting a deterioration from the \$832.26 million trade deficit incurred during the same period in 1978.

Overall, the current transaction ledger showed a deficit of \$891 million as a net surplus of \$29 million in nonmerchandise trade (invisible accounts) and \$187.84 million in the transfers accounts partly trimmed down the trade gap.

For the same eight-month period, total exports of the country amounted to \$2.44 billion, up by 29.7 percent. On the other hand, import payments totalled \$3.55 billion, for a 32 percent increase.

Receipts from nonmerchandise trade, where the inflows from tourism, services, remittances, freight, etc. are lumped together, totalled \$987 million against disbursements of \$958 million, for a net surplus of \$29 million.

There was a sharp decline in the nonmonetary capital inflows during the eight-month period, from \$577.87 million net inflow last year to \$296.27 million this year.

Transactions in monetary capital, which are not included in the computation for the balance of payments transactions, showed that the CB made a net availment of \$251.78 million during the January-August period, compared to \$78 million last year. Total availments amounted to \$489 million as against total payments of \$237 million.

CSO: 4220

## PHILIPPINES

### GOVERNMENT EXPORT-IMPORT DEFICIT SWELLS TO \$1-BILLION

Manila PHILIPPINES DAILY EXPRESS in English 2 Oct 79 pp 1, 16

[Text] The country's trade gap (exports minus imports) widened further to \$1.107 billion as of end-August 1979, as earnings from exports continued to outstrip imports, largely because of the adverse effects of the oil price increase and the excessive imports that prevailed earlier during the year.

As of August 1979, payment for imports amounted to \$3.549 billion, as against \$2.441 billion in export earnings. This resulted in a trade gap of \$1.107 billion, 33 percent more than the deficit of \$832.26-M during the same period in 1978, according to the Central Bank.

The trade imbalance contributed significantly to the further worsening of the balance of payments (BOP), the deficit of which reached \$540.89 million at end-August. This is a far cry from the \$80.43 million surplus achieved during the same period last year, the CB data showed.

For August 1979, the trade performance ended in a deficit of \$163.87 million as payments for imports reached \$518.08 million while export earnings lagged behind, amounting only to \$354.21 million, the CB added.

During the month, the BOP ended in a \$112.53-M deficit, CB data showed.

The worsening trade performance and its effect on the BOP is expected to put more pressure for additional borrowings from abroad, particularly from the International Monetary Fund's Extended Fund Facility (EFF).

CB Governor Gregerio S. Licaros had earlier projected that the country's BOP deficit could reach \$350 million by year-end.

Economic Planning Minister Gerardo P. Sicat said earlier that the country will avail itself anew of the EFF. The Philippines tapped this lending window of the IMF with a loan of \$264 million.



During the past eight months, exports had actually shown an impressive 32 percent growth, with significant volume and price improvements in coconut, sugar, copper, lumber, fruits and vegetables exports.

More significantly, major breakthroughs were achieved in exports of non-traditional manufactures, which as a group has already risen to the No 2 among the top dollar earners.

Among the major commodity exports, major gains were achieved in coconut which grew by 67 percent, lumber, 90 percent, copper concentrates, 64 percent, garments, 36 percent, and sugar which earned 34 percent more compared to the January-August 1978 revenues.

However, all the gains achieved in exports were negated by a sharp increase in imports, particularly essential producer goods such as semi-processed and unprocessed raw materials, machinery and equipment.

The CB data showed that even the nonmerchandise trade (invisibles) sector slowed down in August as receipts amounted to only \$124.87 million, as against \$131.77 million in disbursements. This resulted in a deficit of \$6.90 million.

However, from January to August, 1979, invisibles showed a surplus of \$29 million, with receipts amounting to \$987.05 as against \$958.05 in disbursements.

The bulk of nonmerchandise trade earnings was accounted for by personal income remittances of seamen and contract workers which brought in \$236.11 million during the eight-month period the data showed.

Other services, which were not explained by the CB data earned \$250.78 million, while United States government expenditures amounted to \$130.44 million, the CB said.

Director Edmundo Cortes of the Bureau of Forest Development stopped yesterday all logging operations of four major timber concessionaires in Negros Oriental following the directive of President Marcos Sunday.

He directed Regional Bureau Directors Bernardo Agaloos of Iloilo City and Jose Gapas of Cebu City to immediately implement the termination order.

Cortes said that all logs cut as of yesterday should be inventoried, and no hauling out of old cut logs are to be allowed except upon clearance from higher authorities.

CSO: 4220

## GOVERNMENT BIDS FOR GROWTH EVEN IF BORROWINGS CLIMB

Manila, BULLETIN TODAY, in English 3 Oct 79 p 18

## [Text]

The Philippines, faced with high inflation and the need for development, is going for growth even if it means a substantial increase in foreign borrowings, according to bankers.

Despite economic difficulties, due in large measure to this year's oil prices increases, the government of President Marcos has a reasonable chance of achieving its aims barring further unforeseen economic or political problems, they add.

The inflation rate, currently over 20 per cent, is expected to peak later this year at around 25 per cent, before easing to give an increase for the year of some 16 to 17 per cent, Central Bank officials said.

Gross national product is still expected to rise by some six to 6.5 per cent with a similar figure being forecast for 1980, giving a slight improvement on the 1978 performance of 5.8 per cent.

The economic policy record since 1974 has generally been favorable, but the problems which have arisen reflect outside factors such as further increases in crude oil

prices and the continued poor performance of sugar prices, a major export commodity, on the world market, the bankers said.

The close cooperation between the International Monetary Fund (IMF) the World Bank and the Philippine officials in charge of economic and financial policy has also contributed to the relative success of the economy, they added.

This cooperation has paid dividends in helping to strengthen and maintain the country's international credit status among international banks which are still keen to lend on favorable terms, CB officials said.

Next year, the CB hopes to borrow around \$500 million close to the 1978 figure, under its consolidated borrowing program.

At the same time the government is considering a renewal of the IMF's extended fund facility (EFF) which would make it the first country to use the facility for a second time.

However the government is seeking a number of changes in the way in which the facility operates.

These include short-

ening the period under which special drawing rights are made available and lengthening the period for repayment to the IMF to 10 from eight years, bankers said.

It is also proposing that funds obtained from the IMF under the EFF should be treated as currency swaps rather than borrowings and would not therefore need to be included in the country's borrowing figures.

"It is a question of convincing our international creditors that we have a responsible level of debt management and this can be easily demonstrated," a senior government official said.

CB figures show that in June the country's total outstanding foreign debt stood at \$8.74 billion compared with \$8 billion at the end of 1978.

Imports remain at high levels, reaching \$2.88 billion in the 1979 January-June period compared to \$2.21 billion in the same 1978 months, the bank statistics show.

Exports rose however to \$2.11 billion in January-June this year against \$1.56 billion during the same period a year earlier.

A major component of the import bill is crude oil which hitherto supplied 90 per cent of the country's energy needs. Oil imports cost \$483 million in the first half of 1979 against \$440 million last year.

Around 15 per cent of oil requirements this year, estimated to total 210,000 barrels, is expected to be covered from wells offshore in the Palawan field.

There are also ambitious plans to increase the output of geothermal and hydroelectric power, to boost coal output and to bring into operation a 620-megawatt nuclear power plant if safety problems can be overcome, bankers said.

A further potential area for energy saving is the production of alcohol from either sugar or cassava and the latter could be virtually self fuelling if linked to geothermal power, agriculture ministry officials said.

The country has ceased to be a rice importer and has sufficient stocks to feed its 48 million population and to start exporting, while it is fast approaching self-sufficiency in maize.

GOVERNMENT TO HIKE EXPORT DUTY ON FIBERS

Manila PHILIPPINES DAILY EXPRESS in English 2 Oct 79 p 16

[Article by Rosario A. Liquicia]

[Text] The Government is considering an increase in the export duty on hard fibers--ramie and abaca fibers--to discourage continued exportation which, over the past years, has resulted in shortage for domestic users.

These hard fibers are locally processed into finished products such as pulp, textiles and fibercraft which rank among the country's big dollar earners.

According to Board of Investments Gov. Caesar Z. Lanuza, the government is planning to raise the export duty on these fibers from 4 percent to 10 percent.

This may discourage the exportation of these fibers which of late have been in great demand domestically, Lanuza said.

"An outright ban on the export of ramie and abaca fibers is not the right measure," he explained. "All we need to do is assure enough supply of these for the local users or processors," he added.

Lanuza said a higher export duty on the commodities may result in reduced exports and hopefully increased supply for processors.

At present, Lanuza said, exporters and processors of abaca fibers share consumption on a 50-50 basis.

In the past, processors enjoyed a bigger share of production since consumers were then partial to synthetics rather than abaca fiber, Lanuza said.

However, the trend seems to have been reversed recently and domestic users became wary of the increasing demand for abaca fiber in the export market.

Gov. Lanuza emphasized that the government will continue to give preference to domestic users rather than exporters of these hard fibers. Aside from the employment generation aspect, government recognizes the fact that processed products--rather than raw fibers--represent more value-added.

At the same time, he explained that the industry will stand to lose more if the supply of hard fibers for domestic use is not assured.

Lanuza also disclosed that the Food and Agriculture Organization (FAO) has agreed to increase the ceiling prices of abaca in the world market by 25 to 30 percent over present levels.

He said the Intergovernmental Group on Hard Fibers of the FAO acted on the proposal of the Philippines to raise ceiling prices by as much as 32 percent.

The country's request was based on an FAO survey conducted here which showed that a 32 percent rise in prices was the only way to attract abaca planters. The Philippines produces about 85-90 percent of total abaca output.

Lanuza explained that with the new price ceilings, the corresponding floor ceilings for the three grades of abaca the country exports will also be raised.

This will provide between 25 and 30 percent more remuneration to our abaca planters, he said.

The new price ceilings based on a 25 percent increase are: for the G grade, \$944 per metric ton; S2 grade, \$1,062/MT; and for the JK grade, \$68/MT.

Based on a 30 percent increase, the rates will now be G-\$982/MT; S2-\$1,015/JT; and JK-\$800/MT. [as published]

During the past months, abaca prices soared beyond ceiling prices, and therefore warranted new adjusted rates, Lanuza said.

CSO: 4220

## PHILIPPINES

### VIRGINIA TOBACCO TO BE IMPORTED FROM CANADA, NOT UNITED STATES

Manila BULLETIN TODAY in English 30 Sep 79 p 36

[Text] The tobacco interagency committee has approved in principle a plan calling for the Philippines to import flue-cured Virginia tobacco from Canada instead of the United States, it was reported yesterday.

Sources in the tobacco industry said that the move was in retaliation for the refusal of the United States to include native Philippine tobacco and Virginia tobacco in the list of products admitted duty-free under the Generalized System of Preferences (GSP).

The Philippines exports at least 19 million kilos of flue-cured Virginia tobacco every year. At the same time, however, it also imports flue-cured Virginia tobacco which the cigarette manufacturers need for blending purposes.

Members of the tobacco interagency committee, headed by Director Epifano B. Castillejos of the bureau of domestic trade, met last Friday with Canadian officials and agreed on the trial implementation of the new tobacco importation plan.

Under the plan, Canada will make an initial shipment of 10 tons of Virginia flue-cured tobacco.

Canadian officials Ron K. Mcneil and Michael Loh of Ontario's Ministry of Agriculture and Food said the first shipment will be on a trial basis and will be sold at prices lower than those offered by American exporters.

They said that they will arrange with the Export Development Corp. of Canada for liberal credit terms which would make Canada's tobacco exports competitive with similar exports coming from the U.S.

CSO: 4220

## PHILIPPINES

### CUT IN LOG EXPORT CONSIDERED

Manila PHILIPPINES DAILY EXPRESS in English 2 Oct 79 p 16

[Text] The Philippines plans to reduce its log exports as regulated annually by the Southeast Asian Lumber Producers Association (SEALPA).

The voluntary reduction in the exportation of raw logs will be relayed to SEALPA during its bi-annual meeting in Jakarta starting Thursday.

This year, Philippine share of log exports in the region will be about 2.1 million cubic meters or roughly 6 percent of Southeast Asian raw log exports, according to Ernesto Sanvictores Jr., president of the Philippine Wood Products Association (PWPA).

For 1979, Indonesia will still top the list of log exporters with a share of 48 percent (of total exports of 35 million cubic meters) or roughly 16.8 million cubic meters, followed by Sabah (Malaysia) with 43 percent or 15.05 million cubic meters, the Philippines with 6 percent; and Papua New Guinea with 1 percent.

The SEALPA discussions in Jakarta will focus on regional allocation of logs to avoid possible abrupt declines in prices brought about by increased supplies in the market. Also to be discussed are programs for forest rehabilitation and forest industry development.

SEALPA has initiated action for increased financial assistance from buyers/importers (through soft loans) to support its production and reforestation programs, Sanvictories added.

During the SEALPA meeting, the organization will push for wider market acceptance of lesser-known and lesser-used species from the region in view of diminishing supplies of traditional hardwood products.

SEALPA has scheduled meetings with importing country associations of Japan, Korea, Taiwan and U.S.A., he said.



## PHILIPPINES

### BRIEFS

**PALAWAN OILWELL PLUGGED**--Philippine Cities Service has temporarily plugged with cement its IX-1 well in the Nido complex in offshore northwest Palawan. The well will be reopened once evaluation of data gathered during the drill stem tests and retests prove favorable. Preparations are now being made to mobilize the rig "Ron Tappmeyer" to its next well assignment, IIX-1, also at the Nido complex. IX-1 is the country's seventh discovery well, if the oil find strike by Republic Development company (Redeco) in Toledo, Cebu, in September, 1958 and another gusher in the late 1800's were not counted. Last week, the company said that the flow rate of IX-1 is about 2,000 to 3,000 barrels of oil a day. The Redeco strike flowed 20 barrels a day. The Redeco well, called Reina Regente, still produces roughly two barrels a day. Meanwhile, in another well currently being drilled by Philippines Cities Service also in offshore but northeast Palawan, the company yesterday was preparing to drill out the cement plug set during the weekend. This well, Roxas No 1, stands at a present depth of 5,809 feet. In northwestern Cebu, Phillips Petroleum was conditioning yesterday drilling mud prior to drilling ahead in its Santan A-IX. Over the weekend, Phillips drilled to 6,928 feet, a progress of 704 feet. [Text] [Manila BULLETIN TODAY in English 2 Oct 79 p 12]

**CORN SELF-SUFFICIENCY**--The Philippines is self-sufficient in corn. This was announced yesterday by President Marcos saying that this is the second major achievement in the production of the prime commodity in the country. [sentence as heard] The president made the disclosure after receiving a report on corn production for the last crop year from Agriculture Minister Arturo Tanco. Minister Tanco reported a production record of 3.1 metric tons [as heard] of corn during the period from 1 July 1978 to 30 Jun 1979. The president then ordered Tanco to now gear the country for exports of yellow corn, particularly to Taiwan and Japan, which have expressed keen interest in importing Philippine corn. With this, the chief executive said, we can now say that we have completely overcome the country's centuries-old cereal problem. Self-sufficiency in rice was attained 4 years ago converting the country from rice importer to exporter. [Text] [Manila PNA in English 0230 GMT 15 Oct 79 OW]

NATIONAL BANK LOANS--The Philippine National Bank has extended loans amounting to 7.8 billion pesos during the first half of 1979. The aggregate loans approved during the period in review indicated an increase of 1.23 billion pesos or 18.9 percent over the 1978 figure of 6.56 billion pesos. The largest chunk of the financial assistance totalling 2.7 billion pesos went to the industrial sector. [Text] [Manila PNA in English 0830 GMT 15 Oct 79 OW]

CSO: 4220

BANGKOK PAPER WARNS USSR NOT TO DAMAGE RELATIONS WITH OVERFLIGHTS

BK090947 Bangkok SIAM RAT in Thai 8 Oct 79 p 5 BK

[Editorial: "What the Soviet Union Must Be Careful About"]

[Summary] Last Monday [1 October] the Thai Foreign Ministry handed a note to the Soviet ambassador protesting against irregular Soviet aircraft flights over Thai airspace into Kampuchea and Vietnam. The aircraft were believed to carry war materiel.

The Thai side verified those flights by radar. It believed that the aircraft carried war materiel because the number of flights increased drastically during the height of the fighting in Kampuchea, while this number decreased during the monsoon season, when fighting became throttled. The Soviet Embassy, however, officially denied Thailand's allegation. "This denial does not carry much weight because it is not possible to verify what the Soviet aircraft were carrying. In any event, we feel that the Soviet Union is still to blame for not following the prearranged flight plans as well as for increasing the number of flights without advising the Thai side in advance.

"The Soviet act is not a small matter which can simply be overlooked because it is regarded as a violation of Thailand's territorial sovereignty, which is tantamount to demonstrating that the Soviet Union has not treated Thailand as a friendly nation with equal status, but has treated it with contempt and with lack of sincerity. The act also constitutes an attempt to drag Thailand into the Kampuchean conflict.

"If the Soviet Union wishes to maintain good relations with Thailand, it will be wise to stop any such future acts or it will lose a friend which it has long tried to cultivate. Would that not be regrettable?"

CSO: 4207

THAILAND

AUSTRALIAN DEPUTY PRIME MINISTER VISITS REFUGEE CAMP

BK071511 Bangkok Domestic Service in Thai 1300 GMT 7 Oct 79 BK

[Summary] Australian Deputy Prime Minister and Minister of Trade and Resources John Douglas Anthony today visited the refugee camp in Nong Khai Province. He was accompanied by minister attached to the prime minister's office Kasem Chatikawanit, Deputy Interior Minister Pol Gen Chumphon Lohachala and the Australian ambassador to Thailand.

The group flew to Udon Thani Province and proceeded by car to Nong Khai. At the camp, the Australian deputy prime minister was briefed by Provincial Governor Kuson Santitham. According to the governor, since its establishment in 1975 until 30 September this year the camp has accommodated altogether 73,925 displaced persons. Of this number, 11,518 have been transferred to Pak Chom in Loei Province, 2,008 have been transferred to Sikiu camp in Nakhon Ratchasima Province, and 26,372 have been resettled in third countries. At present there are still about 34,027 displaced persons left at the camp. Of this number, 31,049 are Lao, 1,923 are Thai Dam ethnic people, 949 are Thai Mung ethnic people and 297 are Kampuchean people. The governor said: "The United States took the largest number of refugees from the camp for resettlement, that is, 12,602 refugees. France took 9,795 refugees, Australia took 2,235 refugees and Canada took 1,108 refugees for resettlement."

The Australian deputy prime minister later visited the health center and the school at the camp. He promised that books would be provided to the school. He also visited the vocational training workshop of the camp. The Australian deputy prime minister told the refugees that he was very impressed. In proportion to its population Australia has taken the largest number of refugees. He will convey the problems and requests of the refugees to his people and government. The Australian deputy prime minister promised to accept more refugees and said Australia will take another 100 refugees for resettlement next week.

CSO: 4207

THAI PAPER WANTS IMPROVEMENTS IN LABOR LAW

BK130936 Bangkok DAILY NEWS in Thai 12 Oct 79 p 3 BK

[Editorial: "It Is Time for Revision"]

[Text] Even though our labor law has been in force for a long time, it has never served the right purpose. In 1972 a Revolutionary Party announcement granted wide powers to the Interior Ministry to deal with labor protection and other labor problems. The Interior Ministry was even given the power to issue orders, which take effect as law, to cover the problem of labor relations, an important labor issue.

This continued until the then government brought in the labor relations law of 1975 and abrogated the decree empowering the interior minister to issue orders with respect to labor relations.

However, the Interior Ministry still reserved the power to issue orders, under the announcement of the Revolutionary Party, on other labor problems, including female and child labor, minimum wage, workers' compensation and social security.

The announcement of the Revolutionary Party giving full power to the interior minister to decree laws on labor issues is tantamount to investing dictatorial powers in the executive branch. This is not in accordance with democratic principles.

We therefore think the time is ripe for the government to revise the labor law and make it up to date so that it can be enforced effectively. The Interior Ministry should no longer be given the role of legislating on labor issues.

A few days ago the director general of the labor department revealed that employers will be asked to provide medical checkups for employees every 6 months and increase contributions to the compensation fund for workers.

Such a move, for example, should have the status of a law enacted by the National Assembly instead of being simply a ministerial order issued under the 1972 announcement of the Revolutionary Party.

## THAILAND

### BRIEFS

FARM PROJECTS--Almost 90 percent of the projects of the year of the farmers in five southern provinces have been carried out: Those provinces including Prachuap Khirikhan, Chumphon, Surat Thani, Songkhla and Phuket provinces, according to [name indistinct], the chief of the coordinating and followup center for the year of the farmers, who are now on an inspection trip to these provinces. The remaining work covered time-consuming projects, such as irrigation and road construction projects. He said work on the farmers year project faced no obstacles, except in some remote areas where terrorism and floods were prevailing. Fuel oil prices, however, the increase of which reportedly affected the projects, he said. [sentence as heard] The projects which are expected to turn maximum benefits to farmers are those on small irrigation, construction of agricultural routes, fertilizer supporting and brackish water fishery promotion. Projects for the whole farmers year project of the southern provinces is fixed at 1,216 million baht. ]Text] [BK131143 Bangkok Domestic Service in English 0000 GMT 13 Oct 79 BK]

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